date, over $600 million in fees has been diverted since 1992. This coming year alone, the appropriators are taking $200 million.

Not surprisingly, this diversion is taking its toll. The PTO cannot hire or retain qualified patent examiners with advanced scientific degrees; they prefer the more lucrative salaries in the private sector. The PTO also cannot update its computer systems to thoroughly search databases of information and determine whether patent applications really disclose new and nonobvious inventions; this makes it that more likely for the PTO to issue a bad patent. Finally, just a few years ago it took the PTO 19.5 months to rule on a patent application; it now takes 26 months, and is expected to be 38.6 months by 2006. At that rate, inventions will be obsolete before they're patented.

We cannot let the PTO and American inventors continue to suffer this way. H.R. 2047—introduced by Chairman COBLE, Ranking Member BERMAN, and myself—resolves the problem by letting the PTO keep all of its fiscal year 2002 fees. It also lets the PTO use some of its money to modernize its electronic filing systems. The bill finally requires the PTO to develop a five-year strategic plan explaining what resources it needs to better serve its customers. This plan will make it easier for Congress to make future oversight decisions.

I urge my colleagues to vote ''yes'' on this legislation.

Mr. SMITH of Texas. Mr. Speaker, the high-tech industry plays a prominent role in our economy. That's why it's important to allow the U.S. Patent and Trade Office (USPTO) to retain its user fees. Timely and quality service provided by the PTO helps spur innovation and strengthen our economy.

H.R. 2047 is a good bill that has three basic components. It allows the patent office to retain its fees, which are normally distributed for other government operations. This extra funding will speed up the processing of patent applications that now takes an average of nearly 27 months. If these fees continue to be diverted, pendency—the time from filing to granting of a patent—may increase to 38 months by 2006.

In recent years, the number of technology and biotechnology patents has increased. Now more than ever, it's important to ensure that the PTO has adequate funding through its own fee mechanisms. The PTO must produce high quality patents on a timely basis. It is struggling to keep up with the workload and lacks new technology that is desperately needed to do its job.

The bill directs and PTO to develop and implement an electronic system for filing and processing applications. It also orders the director of the patent office to develop a 5-year strategic plan to improve and streamline patent operations.

I urge my colleagues to support this important measure so that the PTO can improve its critical role in our economy.

Mr. FRANK. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and pass the bill, H.R. 2047, as amended.

The question was taken; and (two-thirds having voted in favor thereof) the rules were suspended and the bill, as amended, was passed.

A motion to reconsider was laid on the table.

NEED-BASED EDUCATIONAL AID ACT OF 2001

Mr. SENSENBRENNER. Mr. Speaker, I move to suspend the rules and concur in the Senate amendments to the bill (H.R. 768) to amend the Improving America's Schools Act of 1994 to make permanent the favorable treatment of need-based educational aid under the antitrust laws.

The Clerk read as follows:

Senate amendments:

Strike out all after the enacting clause and insert:

SECTION 1. SHORT TITLE.

This Act may be cited as the ''Need-Based Educational Aid Act of 2001''.

SEC. 2. AMENDMENT.

Section 568(d) of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) is amended by striking ''2001'' and inserting ''2008''.

SEC. 3. GAO STUDY AND REPORT.

(a) STUDY.—

(1) IN GENERAL.—The Comptroller General shall conduct a study of the effect of the antitrust exemption on institutional student aid under section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note).

(2) CONSULTATION.—The Comptroller General shall have final authority to determine the content of the study under paragraph (1), but in determining the content of the study, the Comptroller General shall consult with—

(A) the institutions of higher education participating under the antitrust exemption under section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) (referred to in this Act as the ''participating institutions'');

(B) the Antitrust Division of the Department of Justice; and

(C) other persons that the Comptroller General determines are appropriate.

(3) MATTERS STUDIED.—

(A) IN GENERAL.—The study under paragraph (1) shall—

(i) examine the needs analysis methodologies used by participating institutions;

(ii) identify trends in undergraduate costs of attendance and institutional undergraduate grant aid among participating institutions, including—

(I) the percentage of first-year students receiving institutional grant aid;

(II) the mean and median grant eligibility and institutional grant aid to first-year students; and

(III) the mean and median parental and student contributions to undergraduate costs of attendance for first year students receiving institutional grant aid;

(iii) to the extent useful in determining the effect of the antitrust exemption under section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note), examine—

(I) comparison data, identified in clauses (i) and (ii), from institutions of higher education that do not participate under the antitrust exemption under section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note); and

(II) other baseline trend data from national benchmarks; and

(iv) examine any other issues that the Comptroller General determines are appropriate, including other types of aid affected by section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note).

(B) ASSESSMENT.—

(i) IN GENERAL.—The study under paragraph (1) shall assess what effect the antitrust exemption on institutional student aid has had on institutional undergraduate grant aid and parental contribution to undergraduate costs of attendance.

(ii) CHANGES OVER TIME.—The assessment under clause (i) shall consider any changes in institutional undergraduate grant aid and parental contribution to undergraduate costs of attendance over time for institutions of higher education, including consideration of—

(I) the time period prior to adoption of the consensus methodologies at participating institutions; and

(II) the data examined pursuant to subparagraph (A)(iii).

(b) REPORT.—

(1) IN GENERAL.—Not later than September 30, 2006, the Comptroller General shall submit a report to the Committee on the Judiciary of the Senate and the Committee on the Judiciary of the House of Representatives that contains the findings and conclusions of the Comptroller General regarding the matters studied under subsection (a).

(2) IDENTIFYING INDIVIDUAL INSTITUTIONS.—The Comptroller General shall not identify an individual institution of higher education in information submitted in the report under paragraph (1) unless the information on the institution is available to the public.

(c) RECORDKEEPING REQUIREMENT.—

(1) IN GENERAL.—For the purpose of completing the study under subsection (a)(1), a participating institution shall—

(A) collect and maintain for each academic year until the study under subsection (a)(1) is completed—

(i) student-level data that is sufficient, in the judgment of the Comptroller General, to permit the analysis of expected family contributions, identified need, and undergraduate grant aid awards; and

(ii) information on formulas used by the institution to determine need; and

(B) submit the data and information under paragraph (1) to the Comptroller General at such time as the Comptroller General may reasonably require.

(2) NON-PARTICIPATING INSTITUTIONS.—Nothing in this subsection shall be construed to require an institution of higher education that does not participate under the antitrust exemption under section 568 of the Improving America's Schools Act of 1994 (15 U.S.C. 1 note) to collect and maintain data under this subsection.

SEC. 4. EFFECTIVE DATE.

This Act and the amendments made by this Act shall take effect on September 30, 2001.

Amend the title so as to read: ''An Act to amend the Improving America's Schools Act of 1994 to extend the favorable treatment of need-based educational aid under the antitrust laws, and for other purposes.''.

The SPEAKER pro tempore. Pursuant to the rule, the gentleman from Wisconsin (Mr. SENSENBRENNER) and the gentleman from Massachusetts (Mr. FRANK) each will control 20 minutes.

The Chair recognizes the gentleman from Wisconsin (Mr. SENSENBRENNER).

GENERAL LEAVE

Mr. SENSENBRENNER. Mr. Speaker, I ask unanimous consent that all

Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 768.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

□ 1415

Mr. SENSENBRENNER. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, today the House will send to the President for his signature H.R. 768, the Need-Based Educational Aid Act of 2001. This bill was introduced by the gentleman from Texas (Mr. SMITH) and the gentleman from Massachusetts (Mr. FRANK), and I appreciate their hard work on this issue.

Mr. Speaker, beginning in the mid-1950s, a number of prestigious private colleges and universities agreed to award institutional financial aid, that is, aid from the schools' own funds, solely on the basis of demonstrated financial need. These schools also agreed to use common principles to assist each student's financial need and to give essentially the same financial aid award to students admitted to more than one member of the group.

From the 1950s through the late 1980s, the practice continued undisturbed. In 1989, the Antitrust Division of the Department of Justice brought suit against nine of the colleges that engaged in this practice. After extensive litigation, the parties reached a final settlement in 1993.

In 1994, Congress passed a temporary exemption from the antitrust laws that basically codified the settlement. It allowed agreements to provide aid on the basis of need only, to use common principles of need analysis, to use a common financial aid application form, and to allow the exchange of the students' financial information through a third party. It also prohibited agreements on award to specific students. It provided for this exemption to expire on September 30, 1997. That year, Congress extended the exemption until September 30, 2001.

Under this exemption, the affected schools have adopted a set of general principles to determine eligibility for institutional aid. These principles address issues like expected contribution from noncustodial parents, treatment of depreciation expenses that may reduce a parent's income, valuation of rental properties, and unusually high medical expenses. Common treatment of these types of issues make sense, and to my knowledge, the existing exemption has worked well.

The need-based financial aid system serves goals that the antitrust laws do not adequately address, namely, making financial aid available to the broadest number of students solely on the basis of demonstrated need. Without it, the schools would be required to compete, through financial aid awards, to the very top students. Those very top students would get all the aid available, which would be more than they need. The rest would get less or none at all. Ultimately, such a system would serve to undermine the principle of need-based aid and need-blind admissions.

No student who is otherwise qualified ought to be denied the opportunity to attend one of the Nation's most prestigious schools because of the financial situation of his or her family. H.R. 768 will help protect need-based aid and need-blind admissions and preserve that opportunity.

Mr. Speaker, unlike the original House bill, which permanently extended the 1994 exemption, the Senate amendment to H.R. 768 would extend the exemption for another 7 years, and it also directs the General Accounting Office to review the exemption. It would not make any change to the substance of the exemption. I urge my colleagues to support this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. FRANK. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, I want to express my appreciation to the chairman of the full committee for so diligently staying on this and bringing this forward. I want to express my particular appreciation to the gentleman from Texas, who has now joined us, who has been one of the leaders in making sure that we do this.

The gentleman from Wisconsin has explained this very well, and I just want to underline a few points. It seemed to me at the time a great misfortune and irony that the Justice Department was seeking to invoke the antitrust law against the universities that were engaged in this practice. It is one of the most socially responsible things that they do.

Essentially, what we have are among the most prestigious universities in the country, which people are eager to go to, saying that they believe they have an obligation in spending scholarship money to maximize the extent to which scholarship money enables poor or moderate-income young people to attend. The sole purpose of this whole enterprise is to extend the reach of scholarship aid based on need. For that to have been challenged on antitrust grounds seemed to me at the time a grave error.

I am delighted to have been able to work all this time, particularly with the gentleman from Texas, to go to the aid of universities that are trying to do the right thing. What this says is that the universities can exchange information and they can share information; not to raise prices, not to pay less to suppliers, not to do any of the things that the antitrust law is aimed at preventing, but rather, to maximize the extent to which financial aid goes to the young people who need it.

There is a great deal of controversy in our government about the extent to which, when the government is acting, we can take into account compensatory and other factors. Here we have the ideal situation. All of these institutions are wholly private institutions. They are not constrained by the various rules that government needs to follow. They have done this voluntarily, and I am very pleased that, over time, the number of institutions has expanded. I am proud to represent one of them, Wellesley College from Wellesley, Massachusetts. They have volunteered to take on extra work among themselves so as not to diminish the pool of scholarship funds available to those who are needy, and I think that is something well worth doing.

Now, I know an amendment has come back from the Senate calling for a GAO study. We are not in the process of amendment here; we are in suspension. If we were in a situation where amendments were in order, I think I would be tempted in this case to offer the amendment that I once offered in the Committee on Financial Services; namely, that any Member of Congress who offers an amendment requiring a study be required to read that study when it is completed and take a public exam on its contents, because we have this tendency to burden people with compiling studies that no one, including us, ever reads. I myself do not think in this case the study is necessary, and I think it burdens universities, who are trying to do a good thing, with excess work. But that is the price of getting this bill passed. It is a fairly small price to pay for an important piece of legislation that does advance an important social goal.

I salute the universities and, again, I want to express my gratitude to the two gentlemen from the majority side for the work they have done in bringing this forward.

Mr. Speaker, I reserve the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield myself 1 minute.

Mr. Speaker, let it be clear that this exemption expired on October 1, and if the exemption is not reinstated and continued, well-endowed private colleges and universities, the gentleman from Massachusetts has several in his State, and I am a graduate of one of them, and the gentleman from Texas is also a graduate of one of them, will basically be able to use their superior financial resources to buy out the best students, generally by giving them more money than they really need for financial aid, even though the tuition at these colleges and universities is pretty steep.

By passing this bill and by reinstating the exemption, there will be

more money to go around to more good students and to open the doors to these well-endowed, prestigious private colleges and universities to more people to be able to go there.

Mr. Speaker, at this time I yield such time as he may consume to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. Mr. Speaker, first I would like to thank the chairman of the committee for yielding me time. I would also like to thank the gentleman from Massachusetts (Mr. FRANK) for his earlier generous comments.

Beginning in the mid-1950s, a number of private colleges and universities agreed to award financial aid solely on the basis of demonstrated need. These schools also agreed to use common criteria to assess each student's financial need and to give the same financial aid award to students admitted to more than one member of the group.

In 1989, the Antitrust Division of the Department of Justice brought suit against nine of the colleges that engage in this practice. After extensive litigation, the parties reached a settlement in 1993.

In 1994 and again in 1997, Congress passed a temporary exemption from the antitrust laws that codified that settlement. It allowed agreements to provide aid on the basis of need only, use common criteria, use a common financial aid application form, and allow the exchange of the student's financial information through a third party. It also prohibited agreements on awards to specific students. The exemption expired, as the chairman just noted a minute ago, on September 30, 2001.

To my knowledge, there are no complaints about the exemption. H.R. 768 would extend the exemption passed in 1994 and 1997 for 7 more years.

The need-based financial aid system serves goals that the antitrust laws do not adequately address, namely, making financial aid available to the broadest number of students solely on the basis of demonstrated need. No student who is otherwise qualified should be denied the opportunity to go to a private, selective university because of the limited financial means of his or her family. H.R. 768 will help protect need-based aid and need-blind admissions.

Last April we approved a permanent extension by an overwhelming margin of 414 to zero. However, the Senate has approved only a 7-year extension. They also call for the General Accounting Office to study the effects of the exemption and to submit a report in 5 years. If the GAO chooses to examine a comparison group of schools for the study, participation in the group would be voluntary. It is this version that we vote upon today.

Mr. Speaker, I still believe that a permanent exemption from the antitrust laws is justified and warranted. However, in the interest of time, the House should accept the changes made by the Senate, and I urge my colleagues to support this bill.

Mr. FRANK. Mr. Speaker, I yield back the balance of my time.

Mr. SENSENBRENNER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. CULBERSON). The question is on the motion offered by the gentleman from Wisconsin (Mr. SENSENBRENNER) that the House suspend the rules and concur in the Senate amendments to the bill, H.R. 768.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. SENSENBRENNER. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

FINANCIAL SERVICES ANTIFRAUD NETWORK ACT OF 2001

Mr. BACHUS. Mr. Speaker, I move to suspend the rules and pass the bill (H.R. 1408) to safeguard the public from fraud in the financial services industry, to streamline and facilitate the antifraud information-sharing efforts of Federal and State regulators, and for other purposes, as amended.

The Clerk read as follows:

H.R. 1408

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the ''Financial Services Antifraud Network Act of 2001''.

(b) TABLE OF CONTENTS.—The table of contents of this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Purposes.
TITLE I—ANTIFRAUD NETWORK
Subtitle A—Direction to Financial Regulators
Sec. 100. Creation and operation of the network.
Subtitle B—Potential Establishment of Antifraud Subcommittee
Sec. 101. Establishment.
Sec. 102. Purposes of the Subcommittee.
Sec. 103. Chairperson; term of chairperson; meetings; officers and staff.
Sec. 104. Nonagency status.
Sec. 105. Powers of the Subcommittee.
Sec. 106. Agreement on cost structure.
Subtitle C—Regulatory Provisions
Sec. 111. Agency supervisory privilege.
Sec. 112. Confidentiality of information.
Sec. 113. Liability provisions.
Sec. 114. Authorization for identification and criminal background check.
Sec. 115. Definitions.
Sec. 116. Technical and conforming amendments to other acts.
Sec. 117. Audit of State insurance regulators.
Subtitle D—Anti-Terrorism
Sec. 121. Preventing international terrorism.
TITLE II—SECURITIES INDUSTRY COORDINATION
Subtitle A—Disciplinary Information
Sec. 201. Investment Advisers Act of 1940.
Sec. 202. Securities Exchange Act of 1934.
Subtitle B—Preventing Migration of Rogue Financial Professionals to the Securities Industry
Sec. 211. Securities Exchange Act of 1934.
Sec. 212. Investment Advisers Act of 1940.

SEC. 2. PURPOSES.

The purposes of this Act are—

(1) to safeguard the public from fraud in the financial services industry;

(2) to streamline the antifraud coordination efforts of Federal and State regulators and prevent failure to communicate essential information;

(3) to reduce duplicative information requests and other inefficiencies of financial services regulation;

(4) to assist financial regulators in detecting patterns of fraud, particularly patterns that only become apparent when viewed across the full spectrum of the financial services industry; and

(5) to take advantage of Internet technology and other advanced data-sharing technology to modernize the fight against fraud in all of its evolving manifestations and permutations.

TITLE I—ANTIFRAUD NETWORK

Subtitle A—Direction to Financial Regulators

SEC. 100. CREATION AND OPERATION OF THE NETWORK.

(a) SHARING OF PUBLIC INFORMATION.—The financial regulators shall, to the extent practicable and appropriate and in consultation with other relevant and appropriate agencies and parties—

(1) develop procedures to provide for a network for the sharing of antifraud information; and

(2) coordinate to further improve upon the antifraud efforts of the participants in the network as such participants deem appropriate over time.

(b) MINIMUM REQUIREMENTS.—The procedures described in subsection (a) shall—

(1) provide for the sharing of public final disciplinary and formal enforcement actions taken by the financial regulators that are accessible electronically relating to the conduct of persons engaged in the business of conducting financial activities that is fraudulent, dishonest, or involves a breach of trust or relates to the failure to register with the appropriate financial regulator as required by law;

(2) include a plan for considering the sharing among the participants of other relevant and useful antifraud information relating to companies and other persons engaged in conducting financial activities, to the extent practicable and appropriate when adequate privacy, confidentiality, and security safeguards governing access to, and the use of, such information have been developed that—

(A) is accessible by the public; or

(B) consists of information, that does not include personally identifiable information on consumers, on—

(i) licenses and applications, financial affiliations and name-relationships, aggregate trend data, appraisals, or reports filed by a regulated entity with a participant; or

(ii) similar information generated by or for a participant if—